

Developments in Climate Change Policy

**Dina Kruger
Climate Change Division
Office of Atmospheric Programs
US EPA**

**Presentation for:
U.S. Coal Mine Methane Conference
October 28, 2008**



Overview



- Many Players on Climate Change
- EPA Activities
- Possible Future Directions in Climate Policy
- Things to Watch

Growing Engagement in EPA



- Many EPA offices, programs, and regions focusing on climate
 - Mitigation
 - Impacts (water, air quality)
 - Linkages to other environmental goals (air quality, waste management, etc.)
 - Land use
 - Research and development
 - Data management
 - Regulatory review

Many US Agencies Involved



- Much broader and more complex institutionally than any other environmental issue
- Diverse interests and perspectives, e.g.:
 - Energy use, security, and markets: DOE, FERC, DOD
 - Sectoral agencies: USDA, DOT, DOI
 - Revenue use: Treasury
 - Research agencies: DOE, NASA, NOAA, USGS
 - Impacts: DOI, NOAA
 - International activities: DOS, USAID, DOC, USTR
 - Interagency coordination: CEQ, OMB, OSTP, NSC, NEC, CEA

Increasing State and Local Activity



- States and regions filling near-term vacuum
 - Trading programs (RGGI, WCI, Midwest)
 - Reporting programs (TCR, CARB, WCI, etc.)
 - California waiver
 - International linkages (ICAP)
- Additional long-term interest in other aspects
 - Land-use and transportation
 - Impacts and adaptation
 - Energy efficiency
 - Linkages to air quality, water quality and supply

Growing Congressional Activity



- Bills from both House and Senate
- Multiple committees involves
- Focus on cap and trade, but also other policy tools, like:
 - Energy efficiency
 - Renewable Energy
- Where will climate fall in the queue?

Key EPA Activities



- GHG Mandatory Reporting Rule
- Advanced Notice of Proposed Rule-making
- Carbon Capture and Storage

Mandatory GHG Reporting Rule: Appropriations Language



FY2008 Consolidated Appropriations Act:

- “... not less than \$3,500,000 shall be provided for activities to develop and publish a draft rule not later than 9 months after the date of enactment of this Act, and a final rule not later than 18 months after the date of enactment of this Act, to require mandatory reporting of greenhouse gas emissions above appropriate thresholds in all sectors of the economy...”

Accompanying Explanatory Statement:

- The Agency shall “use its existing authority under the Clean Air Act” to develop a mandatory GHG reporting rule. “The Agency is further directed to include in its rule reporting of emissions resulting from upstream production and downstream sources, to the extent that the Administrator deems it appropriate. The Administrator shall determine appropriate thresholds of emissions above which reporting is required, and how frequently reports shall be submitted to EPA. The Administrator shall have discretion to use existing reporting requirements for electric generating units under Section 821 of the Clean Air Act....”

Mandatory GHG Reporting Rule: Purpose and Scope



- **Objective(s) of the Program** – to collect comprehensive and accurate data relevant to future policy decisions,
- **Scope of Coverage**
 - Define gases- “...to require mandatory reporting of greenhouse gas emissions”
 - CO₂, CH₄, N₂O, HFC, PFC, SF₆, other fluorinated gases
 - Both upstream and downstream sources-
 - Upstream: fossil fuel and chemical producers and importers
 - Downstream: direct emitters- large industrial facilities

Extensive Input Solicited



- Meetings held with approximately 300 different groups
 - Trade Associations: National Mining Association, Edison Electric, American Chemistry Council, Portland Cement Assoc., National Petrochemical & Refiners Assoc., American Trucking Assoc., Alliance of Automobile Manufacturers, and others
 - States and state-based groups: CA, CT, NM, SCAQMD, TCR, Western Climate Initiative, NACAA, ECOS
 - Tribes: Tribal Air Caucus, National Tribal Air Assoc.
 - NGOs: WRI, NRDC
- EPA staff have examined existing and proposed reporting programs,
 - EPA programs: SO₂/NO_x, National GHG inventory, Climate Leaders, EPA fuels programs,
 - External programs: 1605b, WRI/WBCSD, TCR, California, WCI, RGGI, EUETS and industry-specific protocols

Mandatory Reporting Rule: Status



- Prompt finalization and implementation of the reporting rule is a critical first step to a comprehensive domestic program
- Comprehensive draft prepared, covering upstream and downstream sources and a high percentage of national emissions
- Status:
 - Draft rule still needs to go through interagency review
 - Public comment period, with stakeholder workshops
- Implementation
 - Reporting could begin in 2011 at the earliest, for 2010 emissions
 - Delay in finalization of rule into late 2009 could push back date of first reporting

What is an ANPR?



- Advance Notice of Proposed Rulemaking (ANPR or ANPRM)
- An ANPR is an informal action sometimes taken by agencies prior to proposing a rule
- An ANPR is used when an agency believes it would be appropriate to obtain more information and solicit public input on possible regulatory approaches before deciding what to propose

The Greenhouse Gas ANPR



- Represents EPA's next step in responding to the Supreme Court case finding that GHGs are air pollutants under the Clean Air Act (CAA)
- It includes:
 - A summary of the science on climate change and its effects
 - A summary of EPA's work to date on potential motor vehicle GHG standards under the CAA
 - A discussion of the interconnections among different CAA provisions
 - An examination of CAA provisions potentially applicable to GHGs
 - A discussion of a wide range of potential regulatory approaches and technologies for reducing GHGs
- Available at: www.epa.gov/climate
- Public comment period closes November 28, 2008

The GHG ANPR Does NOT



- Propose or recommend use of any particular Clean Air Act authority
- Make judgments about a preferred pathway
- Regulate any emissions
- Commit to specific next steps

Carbon Capture and Storage (CCS)



- Proposed rulemaking within Underground Injection Control (UIC) Program for Carbon Dioxide (CO₂) Geologic Sequestration (GS) Wells
 - Proposed SDWA authority to ensure protection of underground sources of drinking water from injection related activities
 - Published July 25, 2008
- Proposal applies to
 - owners or operators of wells that will be used to inject CO₂ into the subsurface for the purpose of long-term
 - state agencies that choose to administer the program in the future
- More on CCS at EPA Climate Change Website –
http://www.epa.gov/climatechange/emissions/co2_geosequ Coast.html#rolesresp

Possible Future Directions



- Domestic
- International

Domestic Action Increasingly Likely



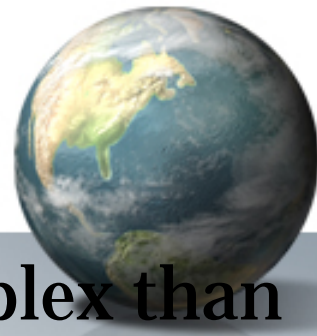
- Both candidates support comprehensive mandatory reductions in GHG emissions
- Executive branch stands to play an active role in climate legislation
- The next president will likely place cap and trade at the center of a climate “package”
- Complementary policies and programs also under consideration
 - Mix of research, partnership and regulatory programs
 - e.g., Vehicle regulation, energy efficiency, renewables, CCS and other enabling technologies, land-use and infrastructure, agriculture and forestry measures

Also Have to Address Clean Air Act Issues



- EPA must respond to a number of pending Clean Air Act issues:
 - Massachusetts vs. EPA
 - California waiver challenge
 - Multiple petitions to set standards for aircraft, ships, other non-road engines (e.g. construction)
 - Treatment of GHGs under the existing Clean Air Act
- Input received on ANPR will help inform the future direction

International Re-engagement Also Likely



- Post 2012 framework likely to be more complex than Kyoto approach
- US domestic program will influence international climate system, even in the absence of a global agreement
 - U.S. commitment will influence other countries' domestic debates
 - U.S. system can influence market-based programs in other countries due to potential size of U.S. GHG market
 - Competitiveness provisions will affect other countries
- Unresolved questions include form of the future agreement, timing and nature of developing country commitments, timing of US re-engagement

Uncertainties and challenges for future US climate policy



- Defining clear roles and responsibilities across the federal, state, and local governments will be challenging
- Similar issue for Congress, given many committee jurisdictions
- Climate is not the only major issue the new Administration and Congress will confront
- Lesson from Kyoto: U.S. domestic climate policy needs to lead and inform international climate policy
- US may be unable to meet aggressive 2009 deadline for post-2012 international framework negotiations
- Establishing a comprehensive domestic climate program will take time, while the pressure to use the CAA will continue building

Things to Watch



- Progress on Cap & Trade
 - Point of Regulation
 - Allocation v. Auction
 - Treatment of competitiveness/trade issues
 - Treatment of offsets
- Carbon Capture and Sequestration
 - Legislatives incentives and other provisions
 - Development of regulatory framework
- Outcome of petitions and litigation on Clean Air Act issues; follow-up actions to the ANPR

Contacts and Resources



Thank you!

Dina Kruger
Director, Climate Change Division
Office of Atmospheric Programs

Kruger.Dina@epa.gov

www.epa.gov/climatechange